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Singapore

Singapore Market Guide - Fresh Fruits

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Report Highlights:

The Singapore market for imported temperate and tropical fresh fruits is valued at \$270 million. Re-exports of fresh fruits amount to \$100 million. Major temperate fruit suppliers include the United States, Australia, New Zealand, China and South Africa.

Includes PSD changes: No

Includes Trade Matrix: No

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The Singapore Dollar (S\$) in this report has been translated to US\$ at the rate of S\$ 1.659 to US\$ 1.00.

1. Singapore in profile

Singapore (population of 3 million) is one of the most affluent nations in Asia with a GDP per-capita of about US\$28,500 today. About 23% of the population are aged 15 years and below, which represents a sizeable pool of future consumers who will be an important driver for increased consumption of imported food and beverages in future.

Over 76% of its population make up the middle to upper income group of consumers, all of whom lead an urban lifestyle and represent the bulk of the market for imported food and beverages today.

Singapore's economy is based mainly on its strong export manufacturing and financial and business service sectors. Until recently, its economy has been growing in excess of 8% per annum. In 1998, Singapore reported annual GDP growth of about 1.5%, after growth contracted in the second half of that year as a result of the impact of the recent Asian economic downturn. On a positive note, The government forecasts Singapore's economy to grow by 3 % in 1999. The government forecasts economic growth for 2000 to be between 4.5% to 6.5%.

2. Singapore's importance as a regional distribution hub

Singapore is generally recognised as Southeast Asia's main distribution hub. The facilities offered by its airport and seaport have encouraged a large number of businesses, including food manufacturers and ingredient suppliers, to base their operations in Singapore to serve their regional markets.

In 1998, US\$ 1.41 billion of food and beverages were re-exported from Singapore to various countries in the world. Of this, around 30% were shipped to ASEAN countries, with Malaysia being the main destination. A large proportion of imported fresh fruit is re-exported to as many as 14 different countries worldwide. Re-export to neighbouring ASEAN form significant proportions, as much as 100 % for some product segments, of the re-export trade out of Singapore. More details on this matter are provided in the next chapter to this report.

3. Singapore's fresh temperate fruits market

Singapore's market for fresh fruits is supplied solely by imports. It imports fresh fruits for its own consumption and for re-export to other countries in Asia and the Pacific islands.

3.1 Market size

The market is made up of around US\$ 270 million in imports of fresh fruits, made up of fresh tropical fruits and fresh temperate fruits. Fresh temperate fruit imports form around 60% of total import value. The re-export market of fresh fruits amounts to around US\$100 million, of which 40 % was for fresh temperate fruits.

3.2 Imports

The Table below provides the total imports of fresh temperate fruits for the five years from 1994 to 1998.

Fresh Temperate Fruits Imports (Tonnes)					
	1994	1995	1996	1997	1998
Citrus fruits	70,303	65,218	81,735	80,081	74,405
Apples	37,453	39,913	52,284	52,914	48,601
Grapes	9,276	10,725	14,439	15,197	11,271
Pears	27,305	27,665	37,541	37,123	35,243
Stone fruits and berries	3,353	2,816	5,571	5,706	4,632
Total (Tonnes)	147,690	146,337	191,570	191,021	174,152
Total (US\$ million)	178.9	179.4	183.2	181.8	161.2
% change in imports (Tonnes)		#	+31	#	-9
#:Negligible Source: Department of Statistics					

The top 3 major supply countries in 1998 are shown by the Table below.

Major Supply Countries and Their Import Market Shares (1998)	
Oranges	USA (50%), Australia (34%), South Africa (11%)
Mandarins and tangerines	China (66%), Pakistan (15%), Australia (10%)
Lemons and limes	Malaysia (55%), South Africa (16%), USA (15%)
Grapefruits (excludes pomelo)	USA (40%), Israel (28%), Australia (13%)
Apples	China (24%), New Zealand (23%), USA (19%)
Grapes	USA (46%), Australia (44%), South Africa (5%)
Pears (Non-Asian variety)	Australia (76%), USA (11%), Chile (6%)
Stone fruits	Australia (43%), USA (42%), China (8%)
Berries	USA (53%), Australia (29%), New Zealand (12%)
Source: Department of Statistics	

A large number of countries supply fresh temperate fruits to Singapore. In 1998, there were 14 countries involved in supplying citrus fruits, 13 countries involved in supplying apples, 11 countries involved in supplying grapes, pears and quinces, 13 involved in supplying stone fruits and 8 countries involved in supplying berries to Singapore.

The USA is a major supplier of fresh temperate fruits to Singapore, with the following market positions and market shares:

- Leading supplier for oranges (50%), grapefruits (40%), grapes (46%) and berries (53%).
- Second largest supplier for non-Asian pears (11%) and stone fruits (42%).
- Third largest supplier for lemons and limes (15%) and apples (19%).

Its major competitors for fresh temperate fruits are:

- In the case of Northern Hemisphere supply: China (mandarins and tangerines, apples, stone fruits), Pakistan (mandarins) and Israel (grapefruits).
- In the case of Southern Hemisphere supply: Australia (oranges, mandarins, grapefruits, grapes, pears, stone fruits and berries), New Zealand (apples and berries), South Africa (oranges, lemons and grapes) and Chile (pears) .

Although the above countries grow temperate fruits in different seasons, new technology has allowed fresh fruits from both the North and South Hemisphere to interact on a competitive basis at certain times of the year. Hence, USA, China, Australia, New Zealand and France frequently have fresh temperate fruits in the market at the same time, e.g. from October to December of each year, apples from all these countries appear in the supermarkets. Singaporeans do not understand the difference between the old season and new season fruits so there is no preference shown by consumers for older or newer season fruits.

3.3 Re-exports

The Table below provides the total re-exports of fresh temperate fruits from Singapore for the five years from 1994 to 1998.

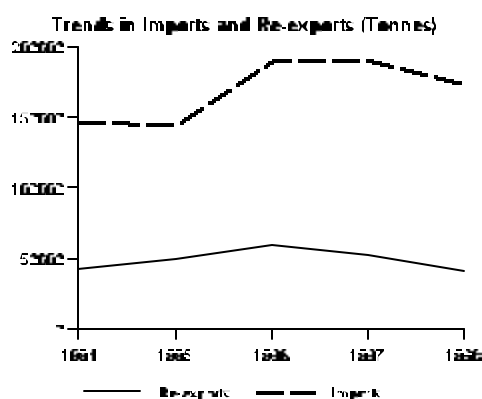
Fresh Temperate Fruits Re-Exports (Tonnes)					
	1994	1995	1996	1997	1998
Citrus fruits	17,852	20,882	21,300	18,097	13,544
Apples	12,161	13,512	18,439	16,857	12,250
Grapes	2,195	3,291	4,577	4,278	3,195
Pears	9,637	11,730	14,336	12,753	11,124
Stone fruits and berries	273	307	796	681	465
Total (Tonnes)	42,118	49,722	59,448	52,666	40,578
Total (US\$ million)	54.2	61.2	59.1	50.1	40.0
% change in re-exports (Tonnes)		+18	+20	-11	-23
Source: Department of Statistics					

Singapore re-exports fresh temperate fruits to 14 different countries. The major fresh temperate fruits which are re-exported include apples, pears, oranges, mandarins and tangerines. The main re-export destinations for these fruits are Malaysia, Brunei and Thailand.

Re-exports to ASEAN countries formed significant proportions of total re-exports quantities in 1998, as shown below:

- Oranges: 88 %
- Mandarins and tangerines: 99 %
- Lemons and limes: 100 %
- Grapefruits: 86 %
- Other citrus fruits: 92 %
- Apples: 96 %
- Grapes: 93 %
- Pears (Asian & non-Asian variety): 100 %
- Stone fruits: 100 %
- Berries: 45 %

3.4 Growth prospects



The Chart below shows the trends in imports and re-exports of fresh temperate fruits over the five years to 1998.

The Table above indicates that overall imports as well as re-exports of fresh temperate fruits declined in 1998 because the market was negatively affected by the economic slowdown experienced in Singapore and the region last year. The import market for fresh temperate fruits did not show a significant downturn, unlike some other food and beverage products in 1998.

However, the re-export market showed a major decline in trade in 1998. The recent regional economic downturn has had a significant impact on the re-export trade from Singapore. The fruits which were most affected were mandarins and tangerines (42% decline, sourced mainly from Hong Kong [China's re-export] and Pakistan), apples (27%

decline), grapes (25% decline), oranges (14% decline) and pears (13% decline). The main re-export country affected was Malaysia which successfully launched a “Buy Malaysia” campaign in 1998 to minimise the impact of the economic recession on its consumers, thus reducing the country’s imports.

Trade sources comment that the fresh temperate fruits market has been doing very well in the past five years and is likely to grow by between 5% and 10% over the next three years.

They also comment that, to be successful in the market for the long term, the most important factors are price and quality. The US supplier has to compete with suppliers from countries such as Australia and New Zealand which also supply very high quality fresh temperate fruits. These countries are nearer to Singapore and so are able to offer the benefits of shorter shipping time and so lower freight charges.

Opportunities exist for the following fruits:

- Oranges, mandarins and tangerines especially for the festive seasons such as Chinese New Year celebrations when very large quantities are demanded. In some years, there were actual shortages of mandarins and tangerines for short periods of the high demand seasons. Major retailers are always scouting for new sources each year, well in advance of Chinese New Year, to avoid potential short supply situations.
- Apples. Varieties such as Fuji and Royal Gala continue to be popular and opportunities exist to supply the demand for such apples. However, US suppliers have to meet closely with consumer demand for quality, taste and price.
- Pears. The Packham variety remains the most popular European pear variety. However, it can only meet demand for part of the year due to its growing season. Niche demand opportunities exist to meet demand for European pears when the Packham pear is not available in the market. However, US suppliers have to meet closely with consumer demand for quality, taste and price.
- High quality fresh stone fruits, grapefruits and berries targeted at the high end restaurants and hotels. Such establishments are always on the lookout for new and exotic fresh fruits to offer their patrons and niche demands exist in this sector of the market. Niche demand opportunities also exist in supermarkets.

Trade sources comment that no real opportunities exist for re-export of fresh temperate fruits from Singapore to other ASEAN countries due to the added freight charges. It is better to arrange transshipment from the USA via Singapore to the ASEAN countries. In such a case, opportunities exist for transshipment of fresh temperate fruits to:

- Indonesia, once economic conditions have stabilised.
- Malaysia.
- The Philippines and Thailand.

US exporters intending to explore the opportunities highlighted above are advised to perform detailed market research in these markets to better understand the market characteristics and identify in more detail the opportunities for their products types.

4. Consumer tastes and preference

Fresh tropical fruits form as much as 55 % of the total quantities of fresh fruits consumed by Singaporeans. Such fruits form part of local food culture and are well understood by all local consumers. In addition, they are readily available and are lower priced compared to fresh temperate fruits.

Fresh temperate fruits have been gaining popularity amongst Singaporeans. Per capita consumption per annum of fresh temperate fruits has grown from 52 kilograms in 1994 to 58 kilograms in 1998. Consumption reached as high as 65 kilograms per capita in 1996 when Singapore was still at the height of its economic growth.

Fresh temperate fruits are usually consumed as an after dinner dessert unlike local fruits which can be consumed at any time of day. The most popular fresh temperate fruits include:

- Apples. These are now part of local food culture and are consumed by Singaporeans on a regular basis although not as much as consumers in apple growing countries. Apples are well liked by all age groups in all income groups. Today, red apples such as Royal Gala, Fuji and Red Delicious are popular varieties because of their taste, texture, juiciness, colour and size although the Red Delicious variety is not favoured as much as the other two varieties. The Royal Gala and the Fuji are considered of better quality as they taste sweeter, handle better and show less damage on the fruits. The Pink Lady, Golden Delicious, Granny Smith and Braeburn varieties are not very popular except with expatriate shoppers.
- Oranges. These are now part of the local food culture. These are purchased in large quantities during Chinese festive seasons, particularly for Chinese New Year celebration. Chinese New Year falls around January or February of each year. The orange colour signifies the colour of gold and oranges are popularly given as gifts during Chinese New Year. Fresh oranges are also used as symbolic offerings during prayers. Oranges are also used by food service operators to make fresh juices at the cooked food centres and restaurants.
- Pears. Chinese pears are still the preferred pears in Singapore as these are traditional fruits which have a different taste, texture and colour to the European variety. They are preferred because of the crunchy and juicy characteristics of these pears. They command as much as 75% of the pear market. The most popular European pear variety is Packham from Australia. It is very different to the Chinese pear but is well liked for its sweetness and juiciness.
- Mandarins and tangerines. These are traditionally fruits demanded mainly by the ethnic Chinese community. They are preferred for similar reasons to oranges and are purchased in very large quantities for Chinese New Year celebrations. Such fruits are consumed by all age groups and all income groups at anytime of day and are well liked for its sweetness and taste and are preferred to oranges as gifts.

Fresh temperate fruits such as stone fruits, grapefruits and berries are consumed in smaller quantities. Consumption levels of such fruits are still low, at around 2 kilogram per capita per annum. These fruits are not well understood by the majority of the consumers and many do not know how or when to consume them. Trade sources comment that the younger generation of high income consumers, aged below 40 years, are the most common consumers of these fruits. They have a curious trait and like to try such fruits.

These fruits are also demanded by the high end western restaurants and high end hotel restaurants and are retailed through most leading supermarkets.

Lemon and limes are generally not consumed in the same manner as the other fruits but are used to make fruit juices or used in local food recipes. They are demanded more by the food service sector although they are sold through the retail sector.

5. Brief import requirements for fresh fruits

Singapore is virtually a free port. No import duty is imposed on imported fresh fruits. A Goods and Services Tax (GST) at the rate of 3% is imposed on the importation of goods into Singapore, calculated based on the CIF (Cost, Insurance, Freight) value in Singapore dollars.

When food enters Singapore, companies must submit the proper documentation to the Controller of Imports and Exports. An inward cargo manifest must be submitted to Customs within 24 hours of arrival of the carrier. All declarations are required to be submitted and approved electronically through the EDI network called the TradeNet System.

Every consignment of fresh fruits imported is required to be approved by the Primary Production Department. The Primary Production Department's Import Control Section is responsible for regulating the imports of fresh fruits into Singapore.

The import regulations are imposed to ensure that Singapore's supply of fresh fruits is safe for human consumption. The fresh fruits must not contain pesticide residues exceeding that prescribed under rule 13 of the Control of Plants (Import of Fresh Fruits and Vegetables) Rules 1994.

The importer must be licensed by the Primary Production Department (PPD) to import fresh fruits. The importer has to be registered under the Business Registration Act or incorporated under the Companies Act to be eligible to apply for registration or a licence to import fresh fruits. All imported fresh fruits are subject to inspection. The consignment may be sampled by the PPD for laboratory testing.

6. Distribution patterns

The bulk of fresh fruits are imported by local importers. Most fresh temperate fruits are air-flown to Singapore to maintain the freshness demanded by the consumers. The fresh fruits are then distributed via wholesalers and distributors to retail outlets throughout Singapore. Most retail outlets and food service outlets source their fresh fruit needs from wholesalers although the larger retailers have started to source for fresh fruits directly from the overseas growers to cut out the middlemen's costs and pass on the cost savings to their customers.

Fresh fruits are distributed to:

- Supermarkets and minimarkets.
- Local neighbourhood grocery stores.
- Wet markets.

- Fruit drinks stalls and fruit stalls at cooked food centres.
- Asian Restaurants and high end western restaurants.
- Hotels.

Distribution of fresh temperate fruits in Singapore is challenging because of:

- The hot climate which can rapidly reduce the product quality. Fresh temperate fruits have to be stored and distributed under cool conditions to prevent any deterioration in the quality. For this reason, temperature controlled distribution facilities are needed to maintain the fresh temperate fruits at optimum quality conditions. The temperature must be suitable according to the fruit type. However, the fruits must not be frozen. The exception is oranges which do not need to be in temperature controlled environment.
- The poor handling by retail staff which can result in damage to the product quality. Fresh fruits of all varieties are still handled poorly in most supermarkets. It is not unusual to find that fresh temperate fruits being poured out of the original packaging box by retail store staff without due care and attention to whether the fruits will become bruised or damaged from the rough handling.
- Poor understanding of temperate fruits by both the retailers and the consumers. Temperate fruits that are not in optimum condition for consumption can often be displayed for sale, to the detriment of future sales of such fruits. The consequence is that consumers often complain about the poor taste of such fruits and ignore them in future. For example, market opportunities for a newly introduced variety of apples can be minimised if this occurs, particularly if the displayed apples are not at their optimum ripeness/sweetness stage.

Trade sources comment that fresh temperate fruits can be re-exported or trans-shipped in its original packing to other ASEAN countries without any need for re-packing or re-labelling. They also added that it is best to handle the fresh fruits through transshipment from the USA via Singapore to other ASEAN countries as this is also cheaper for the end-buyers.

Appendix A: List of Importers

Fook Huat Tong Kee Pte Ltd
231A Pandan Loop
Singapore 128419
Tel: 779 5688
Fax: 777 3960

Pan-Commercial (Pte) Ltd
Block 1 Pasir Panjang Wholesale Centre #02-02
Singapore 110001
Tel: 779 3666
Fax: 776 7771

Ban Choon Marketing Pte Ltd
Block 21 Pasir Panjang Wholesale Centre
#01-142
Singapore 110021
Tel: 777 7333
Fax: 777 1400

Singapore Food Industries Pte Ltd
234 Pandan Loop
Singapore 128422
Tel: 870 0230
Fax: 778 4238

Universal Fruits (S) Pte Ltd
Block 17 Pasir Panjang Wholesale centre
#01-116
Singapore 110017
Tel: 779 3303
Fax: 775 7060

Hupco Pte Ltd
Block 19 Pasir Panjang Wholesale Centre
#01-33
Singapore 110019
Tel: 776 2188
Fax: 872 6668

Sea Bulk (Pte) Ltd
Block 26 Pasir Panjang Wholesale Centre
#01-212
Singapore 110026
Tel: 778 4568
Fax: 777 1631

Tian Sheng Fresh Produce Pte Ltd
Block 22 Outram Park
#02-317
Singapore 164022
Tel: 227 8328
Fax: 227 2238

Be Fresh
Block 17 Pasir Panjang Wholesale Centre
#01-119/120
Singapore 110017
Tel: 778 0150
Fax: 873 2280

Chit Hong & Co. Pte Ltd
230A Pandan Loop
Singapore 128416
Tel: 773 6880
Fax: 773 6882

Lian Hup Co (1978) Pte Ltd
Block 18 Pasir Panjang Wholesale Centre
#01-127
Singapore 110018
Tel: 777 7950
Fax: 777 5069

Shop N Save Pte Ltd
48 Lorong 21 Geyland #04-01
Singapore 388464
Tel: 843 0639
Fax: 842 7488
E-mail: chrisyeo@shopnsave.com.sg

Appendix B: Retail Price Sample		
Product type	Source	Unit Price (\$\$)
Sweet grapefruit	Israel Jaffa	1.50 each
Apple	France Royal Gala	1.95 for 7 apples
Apple	China Fuji	2.99 for 5 apples
Apple	France -green apple	1.95 for 6 apples
Apple	USA Washington Red	1.80 for 5 apples
Orange	Australia Naval large	1.95 for 3 oranges
Oranges	South Africa Outspan	2.00 for 4 oranges
Oranges	China Lokan	1.55 for 5 oranges
Grapes	USA Red Globe	0.39/100g
Grapes	USA green	0.59/100g
Lemon	Australia	1.65 for 5 lemons
Lemon	USA	0.85 for 3 lemons
Pears	USA Green Anjou	2.00 for 5 pears
Pears	USA Red Anjou	2.65 for 4 pears
Pears	Australia Packham	2.30 for 4 pears
Berries	USA red cherries	16.00/kg
Berries	USA raspberries	7.90/140g pack
Berries	USA cranberry	6.90/340g pack
Berries	Australia blueberries	4.50/150 g pack
Berries	New Zealand strawberry	2.50/pack
Stone fruits	USA peaches	2.20 each
Stone fruits	USA apricots	12.00/kg
Stone fruits	Australia plums	12.00/kg
Stone fruits	Australia nectarines/peaches	1.45 each

Source: Market observations conducted in November 1999